

**701—257.5(421B) Exempt sales.**

**257.5(1) *Sales between wholesalers.*** The sale price of cigarettes from one wholesaler to another wholesaler is not required to have included therein the “cost to the wholesaler” as defined in Iowa Code section 421B.2(4). All of the provisions of Iowa Code section 421B.3 shall apply to the subsequent sale by the purchasing wholesaler to any other person except another wholesaler.

**257.5(2) *Exempt sales.*** The provisions of Iowa Code chapter 421B do not apply to the following sales transactions:

- a. An isolated sale, or
- b. A bona fide clearance sale for the purpose of discontinuing trade in cigarettes as long as the sale states the reason for the sale and the quantity of cigarettes to be sold, or
- c. The sale of damaged or imperfect cigarettes as long as the sale states the reason for the sale and the quantity of cigarettes to be sold.

**257.5(3) *Sales to meet lawful competition.*** A wholesaler or retailer may sell cigarettes below cost in good faith in order to meet the price of a competitor who is selling the same article at the cost to the competitor as defined in chapter 421B. Sales made under the exemptions contained in Iowa Code section 421B.6 and subrules 257.5(1) and 257.5(2) and sales of a bankrupt or forced sale shall not be considered in determining the cost to a competitor.

This rule is intended to implement Iowa Code sections 421B.5 to 421B.7.  
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